

CHANGE OF ACCOUNTING PERIOD

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

OMB No 1545-0047

2011Open to Public
Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2011 calendar year, or tax year beginning **OCT 1, 2011** and ending **DEC 31, 2011****B** Check if applicable

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization

HUDSON INSTITUTE, INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
1015 15TH STREET NWRoom/suite
600City or town, state or country, and ZIP + 4
WASHINGTON, DC 20005**F** Name and address of principal officer: KENNETH R. WEINSTEIN
SAME AS C ABOVE**D** Employer identification number

13-1945157

E Telephone number
(202) 974-2400**G** Gross receipts \$ 9,384,292.**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** Are all affiliates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

H(c) Group exemption number ▶**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c)() (Insert no) ☐ 4947(a)(1) or ☐ 527**J** Website: WWW.HUDSON.ORG**K** Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation 1961 **M** State of legal domicile NY**Part I Summary**

Activities & Governance		Revenue		Expenses		Net Assets or Fund Balances	
1 Briefly describe the organization's mission or most significant activities: THE PRIMARY PURPOSE OF THE HUDSON INSTITUTE, INC IS TO RESEARCH NATIONAL AND INTERNATIONAL							
2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.							
3 Number of voting members of the governing body (Part VI, line 1a)		3	30				
4 Number of independent voting members of the governing body (Part VI, line 1b)		4	28				
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)		5	56				
6 Total number of volunteers (estimate if necessary)		6	200				
7a Total unrelated business revenue from Part VIII, column (C), line 12		7a	0.				
b Net unrelated business taxable income from Form 990-E, line 34		7b	0.				
				Prior Year		Current Year	
8 Contributions and grants (Part VIII, line 1h)				10,429,826.		3,907,886.	
9 Program service revenue (Part VIII, line 2g)				1,438,738.		522,587.	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)				578,827.		246,257.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)				<181,460.>		<115,341.>	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)				12,265,931.		4,561,389.	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)				0.		0.	
14 Benefits paid to or for members (Part IX, column (A), line 4)				0.		0.	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)				5,866,370.		1,447,258.	
16a Professional fundraising fees (Part IX, column (A), line 11e)				0.		0.	
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 464,382.							
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)				5,478,372.		1,571,033.	
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)				11,344,742.		3,018,291.	
19 Revenue less expenses. Subtract line 18 from line 12				921,189.		1,543,098.	
				Beginning of Current Year		End of Year	
20 Total assets (Part X, line 16)				17,460,748.		19,772,262.	
21 Total liabilities (Part X, line 26)				2,831,558.		3,255,815.	
22 Net assets or fund balances. Subtract line 21 from line 20				14,629,190.		16,516,447.	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign
Here

Signature of officer

Date

KENNETH R. WEINSTEIN, PRESIDENT AND CEO
Type or print name and title

Print/Type preparer's name

RICHARD D. CASTRO, CPA

Preparer's signature

Date

11/13/12

Check ☐ if self-employed

PTIN

P00367721

Firm's name ▶ THOMPSON, GREENSPON & CO. P. C. CPA'S

Firm's EIN ▶ 54-1029635

Firm's address ▶ 4035 RIDGE TOP RD, SUITE 700
FAIRFAX, VA 22030

Phone no (703) 385-8888

Discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2011)

SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

618

8

SCANNED DEC 14 2012

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

☒ X**1** Briefly describe the organization's mission:

THE PRIMARY EXEMPT PURPOSE OF THE HUDSON INSTITUTE, INC IS TO RESEARCH NATIONAL AND INTERNATIONAL ISSUES FOR EDUCATION OF THE PUBLIC. HUDSON INSTITUTE IS A NONPARTISAN POLICY RESEARCH ORGANIZATION DEDICATED TO INNOVATIVE RESEARCH AND ANALYSIS THAT PROMOTES GLOBAL SECURITY,

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code _____) (Expenses \$ 862,475. including grants of \$ _____) (Revenue \$ 474,230.)

TO PROMOTE THE DISCUSSION AND EXCHANGE OF IDEAS REGARDING ISSUES RELATED TO GLOBAL AFFAIRS.

(PLEASE SEE WWW.HUDSON.ORG FOR ADDITIONAL INFORMATION).

4b (Code _____) (Expenses \$ 629,205. including grants of \$ _____) (Revenue \$ 1,237.)

TO PROMOTE THE DISCUSSION AND EXCHANGE OF IDEAS REGARDING ISSUES RELATED TO LAW, CULTURE, AND SOCIETY. (PLEASE SEE WWW.HUDSON.ORG FOR ADDITIONAL INFORMATION).

4c (Code _____) (Expenses \$ 269,661. including grants of \$ _____) (Revenue \$ 47,120.)

TO PROMOTE THE DISCUSSION AND EXCHANGE OF IDEAS REGARDING ISSUES RELATED TO INTERNATIONAL GOVERNANCE. (PLEASE SEE WWW.HUDSON.ORG FOR ADDITIONAL INFORMATION).

4d Other program services (Describe in Schedule O.)(Expenses \$ 130,690. including grants of \$ _____) (Revenue \$ _____)**4e** Total program service expenses **▶** 1,892,031.

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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	1 X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	4	X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	5	X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	8	X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	9	X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	10 X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	11a X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	11b X	
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	11c	X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	11d	X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	11e	X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	11f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	12a X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	12b	X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	13	X
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a X	
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	14b X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>	16	X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>	17	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	18 X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	19	X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	20a	X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	

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Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		X
24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
28a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
28b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	X	
28c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
35b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

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Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

☒

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	132	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	56	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country: SEE SCHEDULE O See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	X
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

☒**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O	30	
1b Enter the number of voting members included in line 1a, above, who are independent	28	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	☒	
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		☒
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		☒
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		☒
6 Did the organization have members or stockholders?		☒
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		☒
7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		☒
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	☒	
b Each committee with authority to act on behalf of the governing body?	☒	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		☒

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?		☒
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	☒	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	☒	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	☒	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	☒	
13 Did the organization have a written whistleblower policy?	☒	
14 Did the organization have a written document retention and destruction policy?	☒	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	☒	
b Other officers or key employees of the organization	☒	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		☒
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed: **AL, AZ, AR, CA, DC, IN, KY, MD, MA, NH, NY, PA**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **► KENNETH WEINSTEIN - (202) 974-2400**
1015 15TH STREET NW 6TH FLOOR, WASHINGTON, DC 20005

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response to any question in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ALLAN R. TESSLER CHAIRMAN OF THE BOARD OF T	8.00	X		X				0.	0.	0.
(2) WALTER P. STERN CHAIRMAN EMERITUS	1.00	X		X				0.	0.	0.
(3) MARIE-JOSEE KRAVIS VICE CHAIR	1.00	X						0.	0.	0.
(4) SARAH MAY STERN VICE CHAIR	1.00	X						0.	0.	0.
(5) LINDEN S. BLUE BOARD MEMBER	1.00	X						0.	0.	0.
(6) JOHN CATSIMATIDIS BOARD MEMBER	1.00	X						0.	0.	0.
(7) JACK DAVID BOARD MEMBER	1.00	X						0.	0.	0.
(8) GERALD DORROS BOARD MEMBER	1.00	X						0.	0.	0.
(9) LAWRENCE KADISH BOARD MEMBER	1.00	X						0.	0.	0.
(10) DEBORAH KAHN CUNNINGHAM BOARD MEMBER	1.00	X						0.	0.	0.
(11) RUSS GERSON BOARD MEMBER	1.00	X						0.	0.	0.
(12) GEORGE JAY LICHTBLAU BOARD MEMBER	1.00	X						0.	0.	0.
(13) EBBY MOUSSAZADEH BOARD MEMBER	1.00	X						0.	0.	0.
(14) YOJI OHASHI BOARD MEMBER	1.00	X						0.	0.	0.
(15) CAROLYN PARLATO BOARD MEMBER	1.00	X						0.	0.	0.
(16) E. MILES PRENTICE III BOARD MEMBER	1.00	X						0.	0.	0.
(17) WILLIAM SCHWEITZER BOARD MEMBER	1.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) WILLIAM D. SIEGEL BOARD MEMBER	1.00	X						0.	0.	0.
(19) SUSAN M. STEINHARDT BOARD MEMBER	1.00	X						0.	0.	0.
(20) MARGARET WHITEHEAD BOARD MEMBER	1.00	X						0.	0.	0.
(21) CURTIN WINSOR, JR. BOARD MEMBER	1.00	X						0.	0.	0.
(22) JOHN C. WOHLSTETTER BOARD MEMBER	1.00	X						0.	0.	0.
(23) KENNETH R. WEINSTEIN PRESIDENT AND CEO	50.00	X		X				248,185.	0.	21,058.
(24) HERBERT I. LONDON PRESIDENT EMERTIUS	50.00	X		X				251,667.	0.	0.
(25) WILLIAM MATASSONI BOARD MEMBER	1.00	X						0.	0.	0.
(26) JACK ROSEN BOARD MEMBER	1.00	X						0.	0.	0.
1b Sub-total								499,852.	0.	21,058.
c Total from continuation sheets to Part VII, Section A								1,696,448.	0.	100,790.
d Total (add lines 1b and 1c)								2,196,300.	0.	121,848.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

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- 3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		X
4	X	
5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
1015 15TH STREET INC. LOWER LEVEL 100 1015 15TH STREET, WASHINGTON, DC 20005	OFFICE RENT	807,264.
GOOD SENSE & CO., 55 WASHINGTON STREET, SUITE 335, BROOKLYN, NY 11201	CONSULTANT	251,086.
MARKETING VENTURES OF AMERICA, INC, 97501 FRANKLIN RIDGE ROAD, CHAPEL HILL, NC 27517	CONSULTANT	237,638.
THE BROOKINGS INSTITUTION, 1775 MASSACHUSETTS AVE. NW, WASHINGTON, DC	CONSULTANT	150,308.
REVERE ADVISORS 106 BRAMBACH ROAD, SCARSDALE, NY 10583	CONSULTANT	141,250.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

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SEE PART VII, SECTION A CONTINUATION SHEETS

Form 990 (2011)

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(27) NINA ROSENWALD BOARD MEMBER	1.00	X						0.	0.	0.
(28) JOSEPH SCHMUCKLER BOARD MEMBER	1.00	X						0.	0.	0.
(29) THOMAS BARRY BOARD MEMBER	1.00	X						0.	0.	0.
(30) LAWRENCE LEEDS BOARD MEMBER	1.00	X						0.	0.	0.
(31) JOHN P. WALTERS CHIEF OPERATING OFFICER	50.00			X				290,730.	0.	21,564.
(32) LEWIS LIBBY SENIOR VICE PRESIDENT	50.00			X				266,535.	0.	21,424.
(33) GRACE PAINE TERZIAN VICE PRESIDENT FOR COMMUNI	50.00			X				109,918.	0.	9,382.
(34) KATHERINE SMYTH DIRECTOR OF PROGRAM AND ST	50.00			X				100,736.	0.	1,024.
(35) WILLIAM A. SCHAMBRA SENIOR FELLOW	50.00					X		182,335.	0.	0.
(36) MICHAEL J. HOROWITZ SENIOR FELLOW	50.00					X		185,077.	0.	15,786.
(37) ANNE BAYEFSKY SENIOR FELLOW	50.00					X		194,113.	0.	12,690.
(38) HILLEL PRADKIN SENIOR FELLOW	50.00					X		219,462.	0.	18,920.
(39) JAMIE DAREMBLUM SENIOR FELLOW	50.00					X		147,542.	0.	0.
Total to Part VII, Section A, line 1c								1,696,448.		100,790.

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c	695,800.				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3212086.				
	g	Noncash contributions included in lines 1a-1f \$		1,108,530.				
	h	Total. Add lines 1a-1f		3907886.				
	Program Service Revenue	2 a	INDEPENDENT RESEARCH	Business Code 541900	520,888.	520,888.		
		b	BOOK & PUBLICATION SAL	511130	1,699.	1,699.		
c								
d								
e								
f		All other program service revenue						
g		Total. Add lines 2a-2f		522,587.				
Other Revenue		3	Investment income (including dividends, interest, and other similar amounts)		120,317.			120,317.
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties		5,771.			5,771.	
	6 a	Gross rents	(i) Real (ii) Personal					
	b	Less: rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)						
	7 a	Gross amount from sales of assets other than inventory	(i) Securities (ii) Other					
	b	Less: cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss)		125,940.			125,940.	
	8 a	Gross income from fundraising events (not including \$ 695,800. of contributions reported on line 1c). See Part IV, line 18						
	a	7,950.						
	b	Less: direct expenses						
	c	Net income or (loss) from fundraising events		<121,112.>			<121112.>	
	9 a	Gross income from gaming activities. See Part IV, line 19						
	a							
	b	Less: direct expenses						
c	Net income or (loss) from gaming activities							
10 a	Gross sales of inventory, less returns and allowances							
a								
b	Less: cost of goods sold							
c	Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code					
11 a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See instructions			4561389.	522,587.	0.	130,916.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	335,556.	254,485.	59,189.	21,882.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	932,679.	707,340.	164,518.	60,821.
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	41,444.	34,567.	4,915.	1,962.
9 Other employee benefits	62,320.	51,980.	7,390.	2,950.
10 Payroll taxes	75,259.	62,771.	8,925.	3,563.
11 Fees for services (non-employees).				
a Management				
b Legal	5,438.	5,438.		
c Accounting	3,577.	2,053.	1,524.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	3,888.	3,888.		
g Other	827,166.	450,488.	77,725.	298,953.
12 Advertising and promotion				
13 Office expenses	58,549.	26,231.	29,841.	2,477.
14 Information technology	55,825.	25,010.	28,453.	2,362.
15 Royalties				
16 Occupancy	193,461.	9,932.	183,529.	
17 Travel	94,191.	71,010.	21,308.	1,873.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	294,930.	186,838.	40,553.	67,539.
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	25,768.		25,768.	
23 Insurance	8,240.		8,240.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a _____				
b _____				
c _____				
d _____				
e All other expenses _____				
25 Total functional expenses. Add lines 1 through 24e	3,018,291.	1,892,031.	661,878.	464,382.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	5,645.	1	6,011.
	2 Savings and temporary cash investments	2,819,006.	2	2,437,789.
	3 Pledges and grants receivable, net	841,990.	3	1,015,318.
	4 Accounts receivable, net	237,391.	4	638,534.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	48,450.	9	121,419.
	10a Land, buildings, and equipment. cost or other basis. Complete Part VI of Schedule D	10a 939,521.		
	b Less: accumulated depreciation	10b 657,707.	10c	281,814.
	11 Investments - publicly traded securities	11,634,379.	11	12,706,356.
	12 Investments - other securities. See Part IV, line 11	1,566,306.	12	2,565,021.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	17,460,748.	16	19,772,262.	
Liabilities	17 Accounts payable and accrued expenses	1,261,695.	17	1,679,357.
	18 Grants payable		18	
	19 Deferred revenue	1,569,863.	19	1,576,458.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	2,831,558.	26	3,255,815.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	10,383,087.	27	13,150,834.
	28 Temporarily restricted net assets	4,246,103.	28	3,365,613.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	14,629,190.	33	16,516,447.
	34 Total liabilities and net assets/fund balances	17,460,748.	34	19,772,262.

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,561,389.
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,018,291.
3	Revenue less expenses. Subtract line 2 from line 1	3	1,543,098.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,629,190.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	344,159.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	16,516,447.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

☒

- 1 Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
- b Were the organization's financial statements audited by an independent accountant?
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:
☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2011)

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention, or association of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f ☐ If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box _____

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii) A family member of a person described in (i) above?

(iii) A 35% controlled entity of a person described in (i) or (ii) above?

h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

[illegible]

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2011

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	11,239,207.	9,137,117.	6,728,394.	10,429,827.	3,907,886.	41,442,431.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	11,239,207.	9,137,117.	6,728,394.	10,429,827.	3,907,886.	41,442,431.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						10,004,019.
6 Public support. Subtract line 5 from line 4						31,438,412.

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4	11,239,207.	9,137,117.	6,728,394.	10,429,827.	3,907,886.	41,442,431.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	576,545.	522,060.	566,499.	490,653.	126,088.	2,281,845.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)	29.					29.
11 Total support. Add lines 7 through 10						43,724,305.
12 Gross receipts from related activities, etc. (see instructions)					12	10,609,304.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► ☐						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	71.90 %
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	72.79 %
16a 33 1/3% support test - 2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ► ☒		
b 33 1/3% support test - 2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ► ☐		
17a 10% -facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► ☐		
b 10% -facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► ☐		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ► ☐		

Schedule A (Form 990 or 990-EZ) 2011

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11, and 12)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► ☐						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► ☐

b 33 1/3% support tests - 2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

A SHORT YEAR TAX RETURN IS BEING FILED DUE TO THE ORGANIZATION CHANGING
THEIR ACCOUNTING PERIOD YEAR END FROM A FISCAL YEAR TO THE CALENDAR YEAR.

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011Open to Public
Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		☐ Yes ☐ No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education)	☐ Preservation of an historically important land area
☐ Protection of natural habitat	☐ Preservation of a certified historic structure
☐ Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
(ii) Assets included in Form 990, Part X	▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
b Assets included in Form 990, Part X	▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition
 b ☐ Scholarly research
 c ☐ Preservation for future generations
 d ☐ Loan or exchange programs
 e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

- c Beginning balance
 d Additions during the year
 e Distributions during the year
 f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	13,333,920.	13,414,634.	12,560,139.	9,521,045.	
b Contributions	1,166,301.	1,000,000.	25,000.	2,675,285.	
c Net investment earnings, gains, and losses	581,771.	<350,991.>	1,542,452.	871,705.	
d Grants or scholarships					
e Other expenditures for facilities and programs	164,166.	709,573.	630,993.	507,896.	
f Administrative expenses		20,150.	81,964.		
g End of year balance	14,917,826.	13,333,920.	13,414,634.	12,560,139.	

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment ▶ 100.00 %
 b Permanent endowment ▶ .00 %
 c Temporarily restricted endowment ▶ .00 %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		731,772.	452,728.	279,044.
d Equipment		207,749.	204,979.	2,770.
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶ 281,814.

Schedule D (Form 990) 2011

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives	2,565,021.	END-OF-YEAR MARKET VALUE
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶	2,565,021.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	

FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	4,561,389.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	3,018,291.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	1,543,098.
4	Net unrealized gains (losses) on investments	4	344,159.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	344,159.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	1,887,257.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	5,034,610.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	344,159.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	129,062.
e	Add lines 2a through 2d	2e	473,221.
3	Subtract line 2e from line 1	3	4,561,389.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	4,561,389.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	3,147,353.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV.)	2d	129,062.
e	Add lines 2a through 2d	2e	129,062.
3	Subtract line 2e from line 1	3	3,018,291.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	3,018,291.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

PART V, LINE 4: HUDSON USES ITS ENDOWMENT FUNDS TO PROVIDE A

PREDICTABLE STREAM OF REVENUE FOR OPERATIONS WHILE SEEKING TO MAINTAIN AND EXPAND THE PRINCIPAL.

PART X, LINE 2: THE INSTITUTE HAS NO UNCERTAIN TAX POSITIONS THAT QUALIFY FOR EITHER RECOGNITION OR DISCLOSURE IN THE FINANCIAL STATEMENTS. NO INTEREST AND PENALTIES HAVE BEEN RECORDED IN THE ACCOMPANYING FINANCIAL STATEMENTS RELATED TO UNCERTAIN TAX POSITIONS.

Part XIV Supplemental Information (continued)

PART XII, LINE 2D - OTHER ADJUSTMENTS:

SPECIAL EVENT EXPENSE 129,062.

PART XIII, LINE 2D - OTHER ADJUSTMENTS:

SPECIAL EVENT EXPENSE 129,062.

**SCHEDULE F
(Form 990)**Department of the Treasury
Internal Revenue Service**Statement of Activities Outside the United States**▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011Open to Public
Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
RUSSIA AND THE NEWLY INDEPENDENT STATES	0	1	PROGRAM SERVICES	RESEARCH AND TEACHING ON GLOBAL SECURITY POLICY AND GEORGIAN CIVIL SOCIETY.	39,444.
3 a Sub-total	0	1			39,444.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	1			39,444.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2011

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926) ☐ Yes ☒ No
- 2 Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A) ☐ Yes ☒ No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471) ☐ Yes ☒ No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621) ☐ Yes ☒ No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865) ☐ Yes ☒ No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713) ☐ Yes ☒ No

Schedule F (Form 990) 2011

Department of the Treasury
Internal Revenue Service

**Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19,
or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open To Public Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number
13-1945157

Part I

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a** ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations

- e** ☐ Solicitation of non-government grants
- f** ☐ Solicitation of government grants
- g** ☐ Special fundraising events

- 2 a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ **Yes**☐ No

- b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Total						

- 3** List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1 HERMAN KAHN DINNER	(b) Event #2 DOOLITTLE DINNER	(c) Other events NONE	(d) Total events (add col. (a) through col. (c))
		(event type)	(event type)	(total number)	
Revenue	1	Gross receipts	103,750.	600,000.	703,750.
	2	Less: Charitable contributions	95,800.	600,000.	695,800.
	3	Gross income (line 1 minus line 2)	7,950.		7,950.
Direct Expenses	4	Cash prizes			
	5	Noncash prizes			
	6	Rent/facility costs			
	7	Food and beverages	56,523.		56,523.
	8	Entertainment			
	9	Other direct expenses	70,859.	1,680.	72,539.
	10	Direct expense summary. Add lines 4 through 9 in column (d)			(129,062)
	11	Net income summary. Combine line 3, column (d), and line 10			<121,112.>

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
Direct Expenses	3	Noncash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No
	7	Direct expense summary. Add lines 2 through 5 in column (d)			()
	8	Net gaming income summary. Combine line 1, column d, and line 7			

9 Enter the state(s) in which the organization operates gaming activities: _____

a Is the organization licensed to operate gaming activities in each of these states?

☐ Yes ☐ No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

☐ Yes ☐ No

b If "Yes," explain: _____

☐	Yes	☐	No
--------------------------	-----	--------------------------	----

☐ Yes ☐ No

13a	%
-----	---

13b	%
-----	---

Name

Address ►

☐ Yes ☐ No

c If "Yes," enter name and address of the third party:

Name 

Address

Name

Gaming manager compensation ▶ \$ _____

Description of services provided ►

☐ Director/officer

☐ Employee

☐ Independent contractor

☐ Yes ☐ No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► \$

Part IV

Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ **Complete if the organization answered "Yes" to Form 990,
Part IV, line 23.**

▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990,
Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| ☐ First-class or charter travel | ☐ Housing allowance or residence for personal use |
| ☐ Travel for companions | ☐ Payments for business use of personal residence |
| ☐ Tax indemnification and gross-up payments | ☐ Health or social club dues or initiation fees |
| ☐ Discretionary spending account | ☐ Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or
reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors,
trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's
CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to
establish compensation of the CEO/Executive Director. Explain in Part III.

- | | |
|---|---|
| ☒ Compensation committee | ☐ Written employment contract |
| ☐ Independent compensation consultant | ☐ Compensation survey or study |
| ☒ Form 990 of other organizations | ☒ Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing
organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation
contingent on the revenues of:

- a** The organization?
- b** Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation
contingent on the net earnings of:

- a** The organization?
- b** Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments
not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the
initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in
Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

X

X

X

X

X

X

X

X

X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2011

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 KENNETH R. WEINSTEIN	(i) 248,185.	0.	0.	19,600.	1,458.	269,243.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
2 HERBERT I. LONDON	(i) 251,667.	0.	0.	0.	0.	251,667.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
3 JOHN P. WALTERS	(i) 290,730.	0.	0.	19,600.	1,964.	312,294.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
4 LEWIS LIBBY	(i) 266,535.	0.	0.	19,433.	1,991.	287,959.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
5 WILLIAM A. SCHAMBRA	(i) 182,335.	0.	0.	0.	0.	182,335.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
6 MICHAEL J. HOROWITZ	(i) 185,077.	0.	0.	14,800.	986.	200,863.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
7 ANNE BAYEFSKY	(i) 144,113.	50,000.	0.	12,000.	690.	206,803.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
8 HILLEL FRADKIN	(i) 219,462.	0.	0.	18,000.	920.	238,382.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
9	(i)						
	(ii)						
10	(i)						
	(ii)						
11	(i)						
	(ii)						
12	(i)						
	(ii)						
13	(i)						
	(ii)						
14	(i)						
	(ii)						
15	(i)						
	(ii)						
16	(i)						
	(ii)						

Schedule J (Form 990) 2011

Part III	Supplemental Information
----------	--------------------------

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 7: THE EXECUTIVE COMMITTEE OF THE BOARD DETERMINES THE

AMOUNTS OF THE BONUSES GIVEN EACH YEAR.

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No. 1545-0047

2011

Open To Public Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number
13-1945157

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

[illegible]

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958

▶ \$ _____
 ▶ \$ _____

Part II	Loans to and/or From Interested Persons.
----------------	---

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

[illegible]

Part III	Grants or Assistance Benefiting Interested Persons.
-----------------	--

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

[illegible]

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2011

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
AMY KAUFFMAN	SPOUSE OF K. WEINST	24,000.	EMPLOYEE OF		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: AMY KAUFFMAN

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

SPOUSE OF K. WEINSTEIN

(C) AMOUNT OF TRANSACTION \$ 24,000.

(D) DESCRIPTION OF TRANSACTION: EMPLOYEE OF HUDSON

(E) SHARING OF ORGANIZATION REVENUES? = NO

**SCHEDULE M
(Form 990)**

Department of the Treasury
Internal Revenue Service

Noncash Contributions

► **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
► **Attach to Form 990.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded	X	4	1,108,530.	STOCK QUOTE
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b If "Yes," describe the arrangement in Part II.

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If "Yes," describe in Part II.

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.

Yes No

30a		X
31		X
32a	X	

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) (2011)

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

SCHEDULE M, LINE 32B: WELLS FARGO SELLS NON-CASH CONTRIBUTIONS OF
PUBLICLY TRADED STOCK FOR HUDSON.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number
13-1945157

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

ISSUES FOR EDUCATION OF THE PUBLIC

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

PROSPERITY, AND FREEDOM.

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

TO PROMOTE THE DISCUSSION AND EXCHANGE OF IDEAS REGARDING ISSUES
RELATED TO OTHER ISSUES SUCH AS ECONOMICS, ENERGY, AND TECHNOLOGY.

(PLEASE SEE WWW.HUDSON.ORG FOR ADDITIONAL INFORMATION).

EXPENSES \$ 130,690. INCLUDING GRANTS OF \$ 0. REVENUE \$ 0.

FORM 990, PART V, LINE 4B, LIST OF FOREIGN COUNTRIES:

CAYMAN ISLANDS, BERMUDA, OTHER COUNTRY

FORM 990, PART VI, SECTION A, LINE 2: SARAH MAY STERN AND WALTER STERN
HAVE A FAMILY RELATIONSHIP.

FORM 990, PART VI, SECTION B, LINE 11: THE FORM 990 IS REVIEWED IN DETAIL
BY THE PRESIDENT, CEO, AND CFO, AND IT IS ALSO PROVIDED TO THE FULL BOARD
BEFORE FILING.

FORM 990, PART VI, SECTION B, LINE 12C: THE CONFLICT OF INTEREST POLICY
COVERS ALL MEMBERS OF THE BOARD AND ALL OFFICERS. COMPLIANCE WITH THE
POLICY IS MONITORED BY THE CORPORATE SECRETARY WHO MAINTAINS THE DISCLOSURE
FORMS.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2011)

132211
01-23-12

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

EACH YEAR, TRUSTEES AND CORPORATE OFFICERS ARE REQUIRED TO FILL OUT ANNUAL DISCLOSURE FORMS THAT ARE DESIGNED TO ELICIT POTENTIAL CONFLICTS OF INTEREST THAT MAY ARISE THROUGH DEALINGS OR RELATIONSHIPS WITH STAFF MEMBERS, TRUSTEES OR INSTITUTE VENDORS. THESE DISCLOSURES ARE REVIEWED BY THE CORPORATE SECRETARY, THE INSTITUTE PRESIDENT AND THE CHAIRMAN OF THE BOARD. THE BOARD CHAIRMAN REVIEWS EACH TRANSACTION TO COME BEFORE THE BOARD FOR POTENTIAL OR ACTUAL CONFLICTS OF INTEREST.

BOARD MEMBERS ARE ASKED TO RECUSE THEMSELVES FROM ANY VOTES THAT MAY ENTAIL A CONFLICT OF INTEREST. FOR INSTANCE, A BOARD MEMBER WHO HANDLES A PORTION OF THE INSTITUTES HOLDINGS AS AN INVESTMENT MANAGER SERVES AS A NON-VOTING MEMBER OF THE INVESTMENT COMMITTEE. THOUGH HE TAKES PART IN COMMITTEE DELIBERATIONS, AND OFFERS ADVICE BASED ON DECADES ON EXPERIENCE, HE HAS NO VOTE ON INVESTMENT DECISIONS. THE IDENTIFIED CONFLICTS OF INTEREST AND APPROPRIATE RECUSALS ARE DOCUMENTED IN THE MINUTES OF EACH BOARD OR COMMITTEE MEETING.

FORM 990, PART VI, SECTION B, LINE 15: THE PROCESS FOR DETERMINING COMPENSATION OF THE FOLLOWING PERSONS INCLUDES A REVIEW AND APPROVAL BY INDEPENDENT MEMBERS OF THE COMPENSATION COMMITTEE. COMPARABILITY DATA USED IN THE REVIEW PROCESS IS OBTAINED FROM THE FORM 990 OF OTHER ORGANIZATIONS. THE DELIBERATIONS AND DECISIONS ARE DOCUMENTED IN THE MINUTES OF THE BOARD.

THE COMPENSATION DETERMINATION PROCESS APPLIES TO THE FOLLOWING OFFICES/POSITIONS AND THE MOST RECENT YEAR FOR WHICH THIS PROCESS WAS UNDERTAKEN FOR EACH IS IDENTIFIED:

PRESIDENT AND CEO

AUGUST 2011

132212
01-23-12

Schedule O (Form 990 or 990-EZ) (2011)

Name of the organization

HUDSON INSTITUTE, INC

Employer identification number

13-1945157

DIRECTOR OF PROGRAM AND STAFF DEVELOPMENT JULY 2012

PRESIDENT EMERITUS DECEMBER 2011

CHIEF OPERATING OFFICER DECEMBER 2011

SENIOR VICE PRESIDENT DECEMBER 2011

VICE PRESIDENT FOR COMMUNICATIONS DECEMBER 2011

FORM 990, PART VI, LINE 17, LIST OF STATES RECEIVING COPY OF FORM 990:

AL, AZ, AR, CA, DC, IN, KY, MD, MA, NH, NY, PA, VA, WA, WI

FORM 990, PART VI, SECTION C, LINE 19: THE ORGANIZATION'S GOVERNING
DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE
AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

NET UNREALIZED GAINS ON INVESTMENTS: 344,159.

990 PART XII LN2C

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990.
▶ See separate instructions.

Open to Public Inspection

HUDSON INSTITUTE, INC

Employer identification number
13-1945157 .

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

[illegible]

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

[illegible]

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2011

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?**a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity**b** Gift, grant, or capital contribution to related organization(s)**c** Gift, grant, or capital contribution from related organization(s)**d** Loans or loan guarantees to or for related organization(s)**e** Loans or loan guarantees by related organization(s)**f** Sale of assets to related organization(s)**g** Purchase of assets from related organization(s)**h** Exchange of assets with related organization(s)**i** Lease of facilities, equipment, or other assets to related organization(s)**j** Lease of facilities, equipment, or other assets from related organization(s)**k** Performance of services or membership or fundraising solicitations for related organization(s)**l** Performance of services or membership or fundraising solicitations by related organization(s)**m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)**n** Sharing of paid employees with related organization(s)**o** Reimbursement paid to related organization(s) for expenses**p** Reimbursement paid by related organization(s) for expenses**q** Other transfer of cash or property to related organization(s)**r** Other transfer of cash or property from related organization(s)**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Financial Statements

HUDSON INSTITUTE, INC.

THREE MONTHS ENDED DECEMBER 31, 2011 AND
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

HUDSON INSTITUTE, INC.

FINANCIAL REPORT
THREE MONTHS ENDED DECEMBER 31, 2011 AND
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

CONTENTS

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THOMPSON, GREENSPON & CO., P.C.

Certified Public Accountants
Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Hudson Institute, Inc.
Arlington, Virginia

We have audited the accompanying statement of financial position of Hudson Institute, Inc. as of December 31, 2011, and the related statements of activities and changes in net assets and cash flows for the three months ended December 31, 2011 and year ended September 30, 2011. These financial statements are the responsibility of Hudson Institute, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Hudson Institute, Inc. as of September 30, 2010 were audited by other auditors, whose report dated January 11, 2011 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hudson Institute, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the three months ended December 31, 2011 and the year ended September 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

Thompson, Greenspon & Co., P.C.

Fairfax, Virginia
July 26, 2012

HUDSON INSTITUTE, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

	2011	2010
ASSETS		
Cash	\$ 953,087	\$ 588,152
Contracts receivable	638,534	686,775
Contributions receivable	1,015,318	1,346,250
Prepaid expenses and other	121,419	135,711
Investments	16,762,090	14,942,861
Property and equipment, net	281,814	382,640
Total Assets	\$ 19,772,262	\$ 18,082,389
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 629,022	\$ 457,543
Accrued payroll and related costs	248,493	237,606
Accrued vacation payable	297,133	250,824
Deferred contract revenue	83,371	232,753
Accrued rent expense and leasehold improvements	504,709	602,998
Amounts held for Center for Religious Freedom	1,493,087	1,640,536
Total Liabilities	3,255,815	3,422,260
Net Assets		
Unrestricted		
Board-designated endowment fund	14,917,826	13,414,634
Operations deficit	(1,766,992)	(2,708,854)
Total Unrestricted Net Assets	13,150,834	10,705,780
Temporarily restricted		
Research	3,264,625	3,802,465
Public relations and promotional activities	-	52,148
Herman Kahn Fellowship Fund	80,988	74,736
Other	20,000	25,000
Total Temporarily Restricted Net Assets	3,365,613	3,954,349
Total Net Assets	16,516,447	14,660,129
Total Liabilities and Net Assets	\$ 19,772,262	\$ 18,082,389

The Notes to Financial Statements are an integral part of these statements.

HUDSON INSTITUTE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
THREE MONTHS ENDED DECEMBER 31, 2011 AND
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	Three Months Ended December 31, 2011		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contract revenues and research support			
U S. Government contracts	\$ 441,369	\$ -	\$ 441,369
Nongovernmental contracts	81,218	-	81,218
Contributions	-	1,616,368	1,616,368
Total Contract Revenues and Research Support	522,587	1,616,368	2,138,955
Contributions - general	384,417	703,750	1,088,167
Contributions - New York	-	45,000	45,000
Distributions from endowment portfolio for operations	164,166	-	164,166
Other investment income	157	280	437
Other	5,771	-	5,771
Net assets released from restrictions	3,254,096	(3,254,096)	-
Total Support and Revenue	4,331,194	(888,698)	3,442,496
Expenses			
Contract expenses			
Direct research	1,892,030	-	1,892,030
Research overhead	498,373	-	498,373
Total Contract Expenses	2,390,403	-	2,390,403
Fundraising and public affairs	156,703	-	156,703
Fundraising - New York	304,562	-	304,562
Other	132,179	-	132,179
General and administrative costs	163,506	-	163,506
Total Expenses	3,147,353	-	3,147,353
Net Increase (Decrease) in Net Assets Before			
Unrealized Gains (Losses) and Endowment Results	1,183,841	(888,698)	295,143
Realized gains (losses) on investments	-	4,639	4,639
Unrealized gains (losses) on investments	-	3,569	3,569
Net Increase (Decrease) in Net Assets			
Before Endowment Results	1,183,841	(880,490)	303,351
Contributions to board-designated endowment	1,166,301	-	1,166,301
Investment income on endowment investments	119,880	-	119,880
Realized gains on endowment investments	121,301	-	121,301
Unrealized gains (losses) on endowment investments	340,590	-	340,590
Distributions from endowment portfolio for operations	(164,166)	-	(164,166)
Changes in Net Assets	2,767,747	(880,490)	1,887,257
Net Assets, beginning of period	10,383,087	4,246,103	14,629,190
Net Assets, end of period	<u>\$ 13,150,834</u>	<u>\$ 3,365,613</u>	<u>\$ 16,516,447</u>

The Notes to Financial Statements are an integral part of these statements.

Year Ended September 30, 2011			Year Ended September 30, 2010		
Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
\$ 689,810	\$ -	\$ 689,810	\$ 1,844,784	\$ -	\$ 1,844,784
748,928	-	748,928	623,743	-	623,743
-	6,702,961	6,702,961	-	4,937,065	4,937,065
1,438,738	6,702,961	8,141,699	2,468,527	4,937,065	7,405,592
809,519	831,675	1,641,194	920,853	406,359	1,327,212
-	1,160,822	1,160,822	-	557,703	557,703
709,573	-	709,573	630,993	-	630,993
76	1,314	1,390	1,983	1,344	3,327
1,605	-	1,605	4,796	-	4,796
8,401,468	(8,401,468)	-	6,562,898	(6,562,898)	-
11,360,979	295,304	11,656,283	10,590,050	(660,427)	9,929,623
7,358,609	-	7,358,609	7,306,074	-	7,306,074
2,290,612	-	2,290,612	2,122,382	-	2,122,382
9,649,221	-	9,649,221	9,428,456	-	9,428,456
586,041	-	586,041	677,849	-	677,849
577,437	-	577,437	356,994	-	356,994
333,596	-	333,596	66,665	-	66,665
456,663	-	456,663	309,094	-	309,094
11,602,958	-	11,602,958	10,839,058	-	10,839,058
(241,979)	295,304	53,325	(249,008)	(660,427)	(909,435)
-	623	623	(21,669)	-	(21,669)
-	(4,173)	(4,173)	33,212	8,263	41,475
(241,979)	291,754	49,775	(237,465)	(652,164)	(889,629)
1,000,000	-	1,000,000	25,000	-	25,000
487,659	-	487,659	465,761	-	465,761
89,155	-	89,155	240,490	-	240,490
(947,955)	-	(947,955)	754,237	-	754,237
(709,573)	-	(709,573)	(630,993)	-	(630,993)
(322,693)	291,754	(30,939)	617,030	(652,164)	(35,134)
10,705,780	3,954,349	14,660,129	10,088,750	4,606,513	14,695,263
\$ 10,383,087	\$ 4,246,103	\$ 14,629,190	\$ 10,705,780	\$ 3,954,349	\$ 14,660,129

HUDSON INSTITUTE, INC.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED DECEMBER 31, 2011 AND
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	Three Months Ended December 31, 2011	Year Ended September 30, 2011	Year Ended September 30, 2010
Cash Flows from Operating Activities			
Changes in net assets	\$ 1,887,257	\$ (30,939)	\$ (35,134)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities			
Depreciation	25,767	75,059	99,240
Net realized and unrealized (gain) loss on investments	(470,099)	862,350	(1,014,533)
(Increase) Decrease in			
Contracts receivable	(401,143)	449,384	91,258
Contributions receivable	(173,328)	504,260	583,009
Prepaid expenses and other	(72,969)	87,261	(97,462)
Increase (Decrease) in			
Accounts payable and accrued expenses	338,283	(166,804)	(167,489)
Accrued payroll and related costs and accrued vacation	109,506	(52,310)	(40,560)
Deferred contract revenue and other	5,247	(154,629)	(196,105)
Accrued rent expense and leasehold improvements	(30,127)	(68,162)	(45,624)
Net Cash Provided (Used) by Operating Activities	<u>1,218,394</u>	<u>1,505,470</u>	<u>(823,400)</u>
Cash Flows from Investing Activities			
Purchase of investments	(9,389,512)	(1,368,113)	(3,709,137)
Sales and maturities of investments	7,836,572	709,573	3,721,689
Center for Religious Freedom advances (repayments)	<u>1,348</u>	<u>(148,797)</u>	<u>-</u>
Net Cash (Used) Provided by Investing Activities	<u>(1,551,592)</u>	<u>(807,337)</u>	<u>12,552</u>
Net (Decrease) Increase in Cash	<u>(333,198)</u>	<u>698,133</u>	<u>(810,848)</u>
Cash, beginning of period	<u>1,286,285</u>	<u>588,152</u>	<u>1,399,000</u>
Cash, end of period	<u>\$ 953,087</u>	<u>\$ 1,286,285</u>	<u>\$ 588,152</u>

The Notes to Financial Statements are an integral part of these statements.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Hudson Institute, Inc. (the Institute) was incorporated as a not-for-profit organization in July 1961 under the laws of the State of New York. The Institute's mission is primarily to promote, conduct and foster research, study and analysis relating to national and world security, economic development, and political values and attitudes. The Institute has offices in Washington, D.C. and New York. The majority of the Institute's revenues are derived from government contracts, contributions and nongovernmental contracts.

Basis of Accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

In 2011, the Institute changed its fiscal year end from September 30 to December 31.

Statements of Cash Flows

For purposes of the statements of cash flows, the Institute considers all investments with a maturity of three months or less when purchased to be cash equivalents.

The Institute maintains its cash accounts with several financial institutions. The Federal Deposit Insurance Corporation (FDIC) secures these accounts up to \$250,000 per depositor. At times throughout the year, the Institute's cash funds may exceed FDIC insurance limits.

Investments

Investments are recorded at fair value in the accompanying statements of financial position. Gains and losses on investments are reported in the accompanying statements of activities and changes in net assets as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

The Institute has significant investments in mutual funds, hedge funds and certificates of deposit and is, therefore, subject to concentrations of interest rate, market and credit risk. Investments are made by investment managers engaged by the Institute and the investments are monitored for the Institute by an investment committee. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes its investment policies are prudent for the long-term welfare of the Institute.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation and amortization on all property and equipment, including capitalized leases, is computed using the straight-line method over the estimated useful lives of the assets, which range from five to seven years. Leasehold improvements are depreciated over their respective lease terms.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Net Assets

The Institute classifies its net assets based upon the existence or lack of donor-imposed restrictions. In order to account for such restrictions or limitations on the use of its resources, the Institute classifies its net assets as unrestricted, temporarily restricted or permanently restricted.

Funds with donor-imposed stipulations or board designations are combined in the financial statements based upon the following classifications.

Unrestricted Net Assets

Unrestricted net assets, including board-designated endowment funds, represent resources that are available to support activities of the Institute at the discretion of its management and Board of Trustees.

Temporarily Restricted Net Assets

Temporarily restricted net assets are funds that are limited by donor-imposed restrictions that either expire with the passage of time or can be fulfilled by actions of the Institute

Fair Value Measurements

Generally accepted accounting principles contains a framework for measuring fair value, and expands disclosures about fair value measurements for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including the Institute's own credit risk.

Fair value disclosures include a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Therefore, the fair values are determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The valuation methodology the Institute uses to measure investments at fair value is described in the following paragraph.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, mutual funds and equity securities. If quoted market prices are not available, then fair values are estimated by using a multi-dimensional relational pricing model using inputs including secondary market sales, new issue sales of similar assets and benchmark yields. Level 2 securities include certificates of deposits. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. These Level 3 securities include hedge funds. The Institute has recorded their investment in these funds using the net asset value or its equivalent as provided by the fund manager.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions

The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Institute reports noncash gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are acquired or placed in service. Temporarily restricted contributions, whose restrictions are met in the same reporting period as the contribution is received, are reported as unrestricted support.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Contract Revenue

Contract revenue is recognized as the Institute performs the contracted services or incurs outlays eligible for reimbursement under the contract agreements.

Funding provided from government contracts is subject to audit and acceptance by the contracting agency.

Income Taxes

The Institute is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from applicable state income taxes. Accordingly, no provision for income taxes is reflected in the accompanying financial statements

The Institute has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. No interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

The Institute files an informational income tax return for Federal reporting purposes. Currently, the 2009, 2008 and 2007 income tax returns are open and subject to examination. The Institute is not currently under audit by any income tax jurisdiction.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The date to which events occurring after December 31, 2011, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is July 26, 2012, which is the date on which the financial statements were available to be issued.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

2. INVESTMENTS

Investments at December 31, 2011 and September 30, 2010 consisted of the following

	2011		2010	
	Cost	Market	Cost	Market
Endowment Fund				
Money market funds	\$ 3,569,434	\$ 3,569,434	\$ -	\$ -
Mutual funds				
Large blend equities	-	-	3,646,217	3,647,637
Small blend equities	446,035	445,080	-	-
International equities	2,505,982	2,203,792	3,372,057	2,943,648
Moderate allocation	892,071	886,826	-	-
Large value	743,310	744,205	-	-
Equity energy	594,673	602,245	-	-
Fixed income	1,506,479	2,251,011	3,432,948	4,536,460
Hedge funds	2,500,000	2,565,020	1,500,000	1,470,343
Equity securities	1,944,614	1,922,776	588,034	611,249
	<u>14,702,598</u>	<u>15,190,389</u>	<u>12,539,256</u>	<u>13,209,337</u>
Center for Religious Freedom				
Money market funds	108,181	108,181	469,306	469,306
Certificates of deposit and other	<u>1,382,532</u>	<u>1,382,532</u>	<u>1,186,356</u>	<u>1,186,356</u>
	<u>1,490,713</u>	<u>1,490,713</u>	<u>1,655,662</u>	<u>1,655,662</u>
Herman Kahn Fellowship Fund				
Mutual funds - large blend equities	<u>81,866</u>	<u>80,988</u>	<u>78,136</u>	<u>77,862</u>
Totals	<u>\$ 16,275,177</u>	<u>\$ 16,762,090</u>	<u>\$ 14,273,054</u>	<u>\$ 14,942,861</u>

Total investment return is comprised of the following.

	3 months ended 12/31/2011	Year ended 9/30/2011	Year ended 9/30/2010
Interest and dividend income	\$ 119,880	\$ 487,659	\$ 465,761
Unrealized gains (losses)	344,159	(952,128)	795,712
Realized gains	125,940	89,778	218,821
Other investment income	437	1,390	3,327
	<u>\$ 590,416</u>	<u>\$ (373,301)</u>	<u>\$ 1,483,621</u>

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

2. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of December 31, 2011 and September 30, 2010:

2011				
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 3,677,615	\$ 3,677,615	\$ -	\$ -
Mutual funds				
Large blend equities	80,988	80,988	-	-
Small blend equities	445,080	445,080	-	-
International equities	2,203,792	2,203,792	-	-
Moderate allocation	886,826	886,826	-	-
Large value	744,205	744,205	-	-
Equity energy	602,245	602,245	-	-
Fixed income	2,251,011	2,251,011	-	-
Equity securities	1,922,776	1,922,776	-	-
Certificates of deposit and other	1,382,532	-	1,382,532	-
Hedge funds	2,565,020	-	-	2,565,020
	<u>\$ 16,762,090</u>	<u>\$ 12,814,538</u>	<u>\$ 1,382,532</u>	<u>\$ 2,565,020</u>
2010				
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 469,306	\$ 469,306	\$ -	\$ -
Mutual funds				
Large blend equities	3,725,499	3,725,499	-	-
International equities	2,943,648	2,943,648	-	-
Fixed income	4,536,460	4,536,460	-	-
Equity securities	611,249	611,249	-	-
Certificates of deposit and other	1,186,356	-	1,186,356	-
Hedge funds	1,470,343	-	-	1,470,343
	<u>\$ 14,942,861</u>	<u>\$ 12,286,162</u>	<u>\$ 1,186,356</u>	<u>\$ 1,470,343</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs.

	Hedge
Balance, September 30, 2010	\$ 1,470,343
Total unrealized gains included in change in net assets	94,677
Purchases	1,000,000
Balance, December 31, 2011	<u>\$ 2,565,020</u>

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

2. INVESTMENTS (continued)

The following table presents information regarding funds with fair value that is determined using the net asset value (or its equivalent) provided by the fund at December 31, 2011:

	Fair Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds (a)	<u>\$ 2,565,020</u>	<u>\$ -</u>	1 year lock-up	30-60 days

- (a) This category includes hedge funds that invest in a broad range of investment strategies including alternative and traditional investment opportunities. The funds' composite portfolio includes investments in U.S. common stocks, international common stocks, corporate bonds and multi-strategy funds. Additional subscriptions on two funds have a 1 year lock-up period that expires in December 2012; however, one of the funds has a lock-up period with a redemption fee if funds are redeemed during the lock-up period. After that time redemptions are available with 30 or 60 days written notice.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable were as follows at December 31, 2011 and September 30, 2010:

	2011	2010
Due within one year	\$ 1,015,318	\$ 1,196,250
Due in one to five years	-	150,000
Net contributions receivable	<u>\$ 1,015,318</u>	<u>\$ 1,346,250</u>

Contributions receivable designated for a specific purpose were as follows at December 31, 2011 and September 30, 2010:

	2011	2010
Research projects	\$ 995,318	\$ 1,321,250
Future periods	20,000	25,000
	<u>\$ 1,015,318</u>	<u>\$ 1,346,250</u>

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 and September 30, 2010 consists of:

	2011	2010
Office improvements	\$ 172,577	\$ 172,577
Leasehold improvements	559,195	559,195
Automated equipment	56,668	56,668
Office furniture and equipment	151,081	151,081
	<u>939,521</u>	<u>939,521</u>
Less accumulated depreciation	(657,707)	(556,881)
Property and Equipment, net	<u>\$ 281,814</u>	<u>\$ 382,640</u>

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

5. CENTER FOR RELIGIOUS FREEDOM

The Center for Religious Freedom (the Center) moved its programs and operations to the Institute on January 1, 2007. An agreement between the Institute and the Center director indicates either the Center or the Institute shall have the right to end and sever the relationship of the Center with the Institute upon thirty (30) days written notice at any time, with all unspent Center funds to revert to the Center or such other institute as is designated by the Center director, provided that such transferee is at the time of such transfer an institute exempt from tax under Section 501(c)(3) of the Internal Revenue Code. The transferred Center funds are shown in the Institute's statements of financial position as investments (assets) held for the Center for Religious Freedom and amounts held for the Center for Religious Freedom in the liabilities section.

6. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors is as follows:

	3 months ended 12/31/2011	Year ended 9/30/2011	Year ended 9/30/2010
Purpose restrictions accomplished			
Research projects	\$ 2,259,148	\$ 6,381,822	\$ 5,754,928
Public relations, New York briefing series, and related activities	994,948	2,019,646	657,970
	3,254,096	8,401,468	6,412,898
Time restriction accomplished	-	-	150,000
	<u>\$ 3,254,096</u>	<u>\$ 8,401,468</u>	<u>\$ 6,562,898</u>

7. ENDOWMENT AND BOARD-DESIGNATED FUNDS

The Institute's endowment consists of board-designated funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at December 31, 2011 and September 30, 2010 was:

	Unrestricted	
	2011	2010
Board-designated endowments	<u>\$ 14,917,826</u>	<u>\$ 13,414,634</u>

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

7. ENDOWMENT AND BOARD-DESIGNATED FUNDS (continued)

Changes in endowment net asset for the three months ended December 31, 2011 and years ended September 30 were:

	Unrestricted		
	3 months ended 12/31/2011	Year ended 9/30/2011	Year ended 9/30/2010
Endowment net assets, beginning of period	<u>\$ 13,333,920</u>	<u>\$ 13,414,634</u>	<u>\$ 12,560,139</u>
Investment return			
Investment income	119,880	487,659	465,761
Net appreciation (depreciation)	<u>461,891</u>	<u>(858,800)</u>	<u>994,727</u>
Total investment return	<u>581,771</u>	<u>(371,141)</u>	<u>1,460,488</u>
Contributions	<u>1,166,301</u>	<u>1,000,000</u>	<u>25,000</u>
Appropriation of endowment assets for operating expenditures	<u>(164,166)</u>	<u>(709,573)</u>	<u>(630,993)</u>
Endowment net assets, end of period	<u><u>\$ 14,917,826</u></u>	<u><u>\$ 13,333,920</u></u>	<u><u>\$ 13,414,634</u></u>

Interpretation of Relevant Law

Distribution of any gift, bequest or fund is governed by the Institute's governing documents and donor agreements. All Institute endowment funds make available the use of principal which are able to be utilized for the intended purpose of the fund. Board-designated endowments do not possess external spending restrictions and therefore are classified as unrestricted net assets.

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of revenue while seeking to maintain and expand the principal. The Institute's endowment assets are board-designated.

Under the Institute's policy, endowment assets are invested in a diversified portfolio to manage risk and protect assets while providing a moderate rate of return. The Institute expects its endowment funds to provide an average rate of return in excess of five percent annually over time. Actual results in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Institute targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Investment Committee of the Institute Board, composed largely of investment professionals, meets three times per year in person (and telephonically when necessary) to recommend investment allocations subject to board approval.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

7. ENDOWMENT AND BOARD-DESIGNATED FUNDS (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Institute has a spending policy of appropriating for expenditure five percent of its endowment fund's fair value, as valued at the end of the previous year, annually. In establishing this policy, the Board considered the long-term expected return on its endowment to exceed five percent annually over time. This is consistent with the Institute's objective to maintain the purchasing power of endowment assets held in perpetuity for a specified term, as well as to provide additional real growth through new gifts and investment return.

8. LEASE COMMITMENTS

Noncancellable operating leases for office space expire in various years through 2016. These leases generally contain renewal options for periods ranging up to ten years and require the Institute to pay certain executory costs (property taxes, maintenance and insurance). The Institute has one office space lease which provides for rental escalations throughout the lease term. Rent expense for this lease is reported using the straight-line method rather than using the term of the lease agreement. In addition, the Institute received certain incentives under this lease in the form of improvements made by the lessor to the leased space, which are being amortized over the term of the lease.

A schedule of the future minimum lease payments under these noncancelable operating leases at December 31, 2011 is as follows:

<u>Year ended December 31:</u>	
2012	\$ 772,467
2013	702,161
2014	719,696
2015	737,725
Thereafter	62,368
Total	<u>\$ 2,994,417</u>

Rent expense for the three months ended December 31, 2011 and years ended September 30, 2011 and 2010 was \$191,561, \$794,704, and \$782,039, respectively.

9. EMPLOYEE BENEFITS

The Institute has a defined-contribution pension plan covering substantially all full-time employees. To be eligible for participation, employees must be at least 21 years of age and work a minimum of 1,000 hours per year, but there are no length of service requirements. The Institute makes a matching contribution of 200 percent of employee elective deferrals up to a maximum of 4 percent of compensation. Pension plan expense was \$58,302, \$261,884 and \$302,496 for the three months ended December 31, 2011 and the years ended September 30, 2011 and 2010, respectively.

HUDSON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND SEPTEMBER 30, 2010

10. RELATED PARTY TRANSACTIONS

Approximately 37 percent and 75 percent of the Institute's investment portfolio is held at an entity with whom a trustee of the Institute is affiliated as of December 31, 2011 and September 30, 2010, respectively.

Support received from related parties totaled approximately \$947,000, \$2,575,000, and \$1,623,000 for the three months ended December 31, 2011 and the years ended September 30, 2011 and 2010, respectively.

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file) . You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization or other filer, see instructions. HUDSON INSTITUTE, INC	Employer identification number (EIN) or ☒ 13-1945157
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 1015 15TH STREET NW	Social security number (SSN) ☐
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. WASHINGTON, DC 20005	

Enter the Return code for the return that this application is for (file a separate application for each return)

01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

JOHN WALTERS

- The books are in the care of ► **1015 15TH STREET NW 6TH FLOOR - WASHINGTON, DC 20005**
Telephone No. ► **(202) 974-2400** FAX No. ► **(202) 974-2410**

- If the organization does not have an office or place of business in the United States, check this box ☒
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐ . If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **AUGUST 15, 2012**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☐ calendar year or
- ☒ tax year beginning **OCT 1, 2011**, and ending **DEC 31, 2011**.

- 2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return
- ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

LHA For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev. 1-2012)

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box ☒

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print File by the due date for filing your return. See instructions.	Enter filer's identifying number, see instructions	
	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	HUDSON INSTITUTE, INC	☒ 13-1945157
	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
	1015 15TH STREET NW	☐
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	WASHINGTON, DC 20005	

Enter the Return code for the return that this application is for (file a separate application for each return)

01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

KENNETH WEINSTEIN

• The books are in the care of ☒ 1015 15TH STREET NW 6TH FLOOR - WASHINGTON, DC 20005
Telephone No. ☒ (202) 974-2400 FAX No. ☒ (202) 974-2410

• If the organization does not have an office or place of business in the United States, check this box ☒

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ☐. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until NOVEMBER 15, 2012.

5 For calendar year 2011, or other tax year beginning OCT 1, 2011, and ending DEC 31, 2011.

6 If the tax year entered in line 5 is for less than 12 months, check reason: ☐ Initial return ☐ Final return
☐ Change in accounting period

7 State in detail why you need the extension

ADDITIONAL EXTENSION NEEDED FOR SHORT YEAR RETURN DUE TO CHANGE IN CHIEF FINANCIAL OFFICER CAUSING A DELAY IN FINALIZING YEAR END FINANCIAL INFORMATION.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ☒

Title ☒ CPA

Date ☒ 8/10/12

Form 8868 (Rev. 1-2012)